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Documenting change and leadership for the 1990s

**a report to the citizens of Montana
by Governor Stan Stephens**

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A bull elk stands as a symbol — and the reality — of America's most important conservation accomplishment in 1990. The acquisition of winter range for the Northern Yellowstone Elk Herd, spearheaded by Governor Stan Stephens, protects the legacy and future of North America's largest migrating elk herd. More information about this historic achievement can be found on page 9.

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**Uniting
Montanans. . .**

Fellow Montanans,

This report, a supplement to my State of the State speech, assists in fulfilling my obligation to communicate to the 52nd Montana Legislature and the citizens of Montana.

It is an obligation I certainly undertake willingly. The first 24 months of our administration have produced accomplishments and disappointments, but not inactivity. Our determined efforts to create jobs, develop the economy and invigorate a renewed sense of spirit, improve our quality of life and delivery of service to Montanans, have been diverse, resourceful and pursued with conviction.

This report contains documentation of our administration's achievements and ambitions. . . a look at where we've been and where we're going.

I have a responsibility to inform Montanans of our accomplishments and our vision of Montana in the 1990s, and am proud to present this report to the citizens of Montana.

Sincerely,

STAN STEPHENS
Governor

Creating jobs. . .

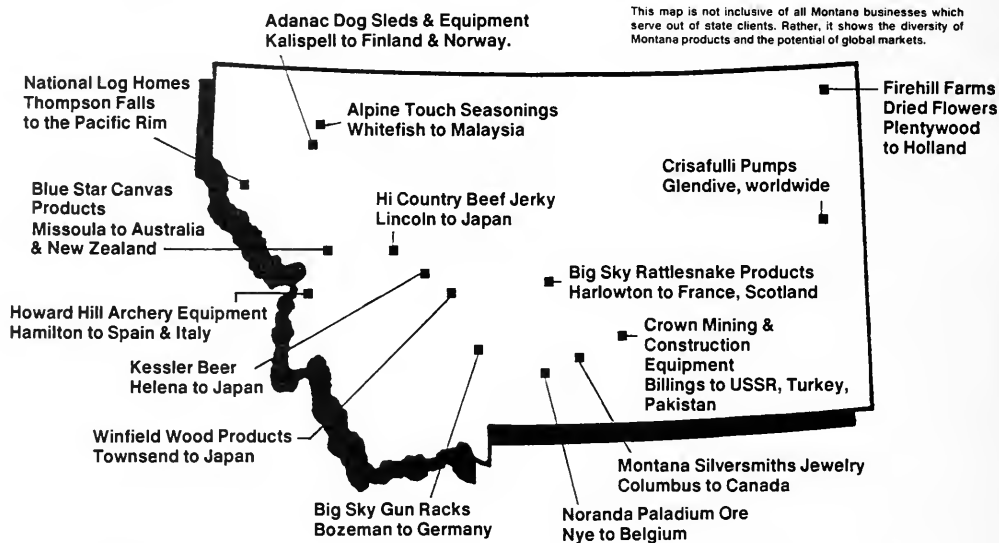
"Improving Montana's economy and creating jobs is the responsibility of every state agency," Governor Stan Stephens has said. "All of state government, working together and with private enterprise, must unite to create economic and employment opportunities for all Montanans."

The Governor's mandate has been translated into forceful and innovative action. The results have been increases in employment, decreases

in red tape, and a stronger partnership between state government and private business. Building permits are up, unemployment is down.

The national economy still hangs over Montana, and the situation inside Montana's borders is far from ideal, but there has been progress. . . and a vision to continue and enhance that progress.

New Markets, New Opportunities, New Jobs



June of 1989 saw the implementation of a full-scale International Business Program for the State of Montana. Spurred by rapid growth in export volume and interest in exporting, Governor Stephens enhanced international trade efforts from a start-up status to an on-going, strategically targeted and coordinated campaign.

Contained within the Department of Commerce, with funding and staff assistance from the Montana Promotion Division and the Department of Agriculture, the goal is to increase export sales, tourism and investment in Montana. The spin-off benefits: Montana jobs, Montana business growth, and Montana economic expansion.

Montana's resource and industrial diversity is paying big dividends not only in the global marketplace, but right here at home in the form of jobs and economic opportunity.

A "Champion" Effort

Montana Wood Specialties is an ambitious young employee-owned company, making use of the former Champion facility in Missoula. The plant employs 22 people and its future in the wood products industry looks bright.

However, three years ago, the plant was a dying sawmill, losing the battle of modernization and a tightening timber supply. With their future at stake, a group of courageous mill employees set out to buy and operate the plant themselves. They turned to the Montana Department of Commerce and the Governor's Office for help.

The Missoula Mill Workers Association decided to become a value-added manufacturer. With the state's help, a public-private partnership was set up to finance the project and by July 1990 Montana Wood Specialties had begun production. The success illustrates the Stephens Administration's economic development philosophy: the private sector leads while government works as a catalyst and facilitator for economic growth.



Helping Montana Grow



Federal Community Development Block Grant money, targeted for economic development, resulted in the award of \$2.2 million by the Department of Commerce. The direct result: creation or retention of over 200 jobs.



Personal income in Montana rose an impressive 9.4% between 1988 and 1989 to an average of \$14,078.



Montana's merchandise exports grew from \$286.4 million in 1987 to \$346.4 million in 1989, a remarkable 21% increase.



A Microbusiness Development Act, proposed by the Stephens Administration, will provide a much needed business loan program for the expansion and start up of small businesses in Montana.



Business assistance contacts and counseling support through the Department of Commerce grew from 245 contacts in 1988 to 1,105 contracts in 1990.



Business management and training seminars, sponsored by the Department of Commerce, increased from 32 in 1988 to 112 in 1990.



The number of Small Business Development Centers in Montana is set to increase with new offices in Billings, Missoula, Butte and Great Falls in addition to the current offices in Helena, Kalispell, Bozeman and Glendive.



The Procurement Technical Assistance program, established in 1990, has had contact with 95 clients who received federal contract awards over the past six months. Technical assistance has been given to 120 different Montana companies seeking defense or other federal contracts. Here's how you spell federal contract awards: M-o-n-t-a-n-a J-o-b-s.

Big Sky Country: EZ 2 LUV... and EZ 2 Visit

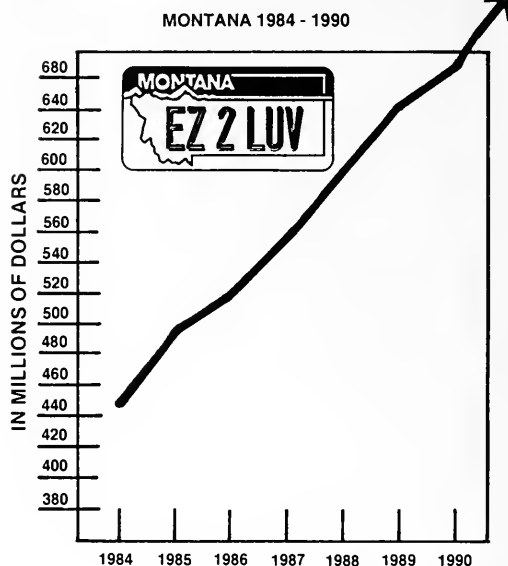
Montana's tourism industry reported record-breaking years in 1989 and 1990. Such impressive growth is happening by design, not accident.

The Montana Promotion Division of the Montana Department of Commerce invested \$1.685 million in an aggressive international marketing campaign during FY89/90. This investment is paying big dividends in the form of economic diversity, new jobs and income growth.

In addition, the EZ 2 LUV campaign, introduced and promoted by Governor Stephens in late 1990, is featured on billboards and radio stations all over the state. EZ 2 LUV is designed to remind Montanans about all that is special in their home state, and encourage them to become everyday goodwill ambassadors.

Eventually, the EZ 2 LUV theme and logo will be incorporated into everything from agriculture to business recruitment to retail sales of merchandise.

EXPENDITURES BY NONRESIDENT VISITORS



Investing in the Present: Big \$ky Dividend

Fact: Montana's need for improved public facilities is growing every day. **Fact:** Congress has set legal mandates for clean water and air, sewage and solid waste treatments. **Fact:** These requirements are costly and many Montana communities are stretched beyond their limits trying to meet them.

That's where the "Big Sky Dividend" can help. The Big Sky Dividend proposal calls for investing a portion of the state's coal tax revenues for the next ten years into improving Montana's public infrastructure and providing seed money for needed capital improvements at the local government level. Our current \$458 million Coal Tax Trust Fund would remain intact with only the new coal tax revenue each year being placed into the Big Sky Dividend program.

With \$20 million per year generated for the program, our coal tax money would be used as

a source of matching funds for federal, state or private programs that could result in a dividend of projects worth up to \$60 million each year. These projects include local economic development, drinking water and sewer systems, solid waste disposal, environmental clean up, transportation facilities, telecommunications and other high-tech tools for education.

Leveraging the Big Sky Dividend for additional funds could mean more than 2,000 new construction jobs each year with an increase of almost \$116 million annually for the state's economy.

The Big Sky Dividend is a proposal before the legislature. With the program's obvious benefits for Montana, Governor Stephens has made it clear he will aggressively push for its passage.

... building communities

Environmental quality. . .

Enforcing Montana's environmental laws, demanding active cleanup of Superfund sites, protecting our wildlife and creating incentives for improved management of water are priorities of Governor Stan Stephens.

"We live in Montana because of its scenic wonder, wonderfully diverse and abundant wildlife, spectacular outdoor recreation and a quality of life unmatched anywhere in America," says Stephens. "My commitment is to preserve what

is best about Montana, to protect our natural beauty, and repair the areas where our environmental grandeur has been tarnished by past actions."

This commitment is embodied by a multitude of actions: forceful leadership in Superfund cleanups, a historic purchase to protect the largest migratory elk herd in America, innovative legislation to enhance instream flows for fish and determined support of the State Water Plan.

Action, not study. Cleanup, not paperwork.

The consistent theme which illustrates the Stephens approach on Superfund cleanup can best be summed up in one word: action.

- **Livingston:** Pollution had seeped into the groundwater for decades, and for awhile it appeared that studies of the problem and contentious litigation would go on indefinitely. All that changed in January 1989 with the beginning of the Stephens Administration.

Studies very quickly gave way to action. The Governor stepped out of court and into the negotiating room and hammered out a court-approved agreement which includes penalties, cost recovery, ongoing studies and most important, cleanup.

- **Clark Fork Basin:** For decades, hazardous wastes from the mining in Butte and Anaconda settled along the Clark Fork River. The problem was so severe it was designated the nation's largest Superfund site. Federal agencies urged continued study. Governor Stephens, listening to local citizens, demanded action.

Now, a \$60 million cleanup is in progress at the Warm Springs Ponds with bulldozers and other earth-moving equipment working virtually around-the-clock. Expedited cleanup actions are now being designed for the Colorado Tailings and Anaconda as well.

An interim cleanup of the river below Warm Springs has also been completed. Through the Governor's leadership, along with the assistance of an advisory council and ARCO, a demonstration project to eliminate fish kills is now in place.

- **CUT:** The information came in frustratingly sketchy bits and pieces. The Church Universal Triumphant (CUT) was undertaking substantial construction and development in the Paradise Valley near Yellowstone National Park.

Development turned into destruction when underground storage tanks leaked diesel fuel into Mol Heron Creek. After ordering an extensive cleanup, the Stephens Administration has entered into extensive litigation against CUT. The purpose: to require full disclosure and full compliance with Montana environmental law.



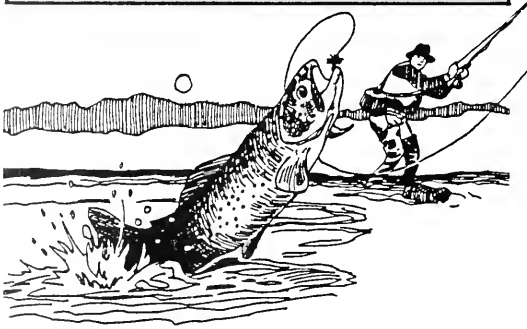
Ending the Fish Kills

For years, the tragedy was allowed to continue. The sequence was predictable, and deplorable: heavy rain, pollution run-off from shoreline contaminants, and thousands of dead fish.

This cycle of death on the Clark Fork River will continue no more, thanks to decisive action by the Stephens Administration and full financial commitment from ARCO.

Instead of continuing the hand-wringing and useless finger pointing, Governor Stephens quickly appointed an advisory council from diverse interests to oversee a \$750,000 cleanup demonstration project.

This prompt action is projected to successfully eliminate the tragic cycle of "fish kills" on the Clark Fork, and the Stephens Administration is continuing its efforts to restore the Clark Fork to a first-class Montana trout fishery.



Protecting wildlife through enforcement



Law officers, armed and ready, monitor a suspected criminal's residence. Search warrant in hand, they strike, confiscate illegal goods and lead the handcuffed lawbreaker to jail. This scenario is not a drug bust, but a Department of Fish, Wildlife & Parks' successful undercover operation to thwart poachers.

Montana's wildlife, one of our most treasured resources, is being victimized by deliberate and systematic poaching which takes hundreds, perhaps thousands, of big game animals every year. Governor Stephens will not tolerate this kind of wildlife racketeering in Montana.

The DFWP undercover operation, one of the most successful in America and featured on the television show "20-20," receives additional funding under the Stephens Administration's proposed budget. The funding is targeted to put illicit poachers out of business.

The Montana tradition of conservation is unparalleled in America. The vast majority of hunters know the law and enthusiastically adhere to regulations. Neither the undercover operation nor the increase in funding is designed to fund day-to-day warden activities in routine patrols during hunting season. Special funding has been earmarked to identify and apprehend the few criminals who make a living poaching wildlife. The message to the lawbreakers is clear: the Stephens Administration intends to put you out of business.

Recreation Is Essential To Montana's Quality Lifestyle

Water and water-based recreation truly enrich our Montana lifestyle. Examples illustrating the Stephens Administration's commitment to improved water and fishery management include:



Precedent-setting legislation, introduced at the request of Governor Stephens, which authorized the leasing of water to protect instream flows for fisheries. This innovative legislation created a voluntary approach with enormous positive potential.



A desperately-needed \$1.5 million in general fund appropriations for our State Parks system is included in the Governor's new budget. The need is clear: our park system, robbed of state funding in the mid 1980s, is in severe decline.



Spearheaded by the Governor, concerted efforts to protect and promote recreation at Fort Peck Lake have become a top priority. Depleted by prolonged drought and

water releases for downstream navigation, Fort Peck remains an unpolished recreational gem. The Stephens goal: unleash the recreation potential at Fort Peck.



A personal determination to coordinate and pursue immediate response to hazardous waste spills. Example: in mid-1989, disaster struck beautiful Whitefish Lake when a freight train derailed and spilled 15,000 gallons of diesel oil. After a personal inspection of the spill site, Governor Stephens ordered prompt containment and additional cleanup of the spill. His decisive action, coupled with prompt actions by local emergency officials, helped avert long term damage to this valuable recreational resource.



A commitment to improved water management. Progress on this Stephens goal is exemplified by the success of the Montana State Water Plan. Strong agreement on two essential water management issues — water storage and drought response — will pay big dividends for all Montana water users.

Protecting a legacy. . .

It has been called the most important conservation accomplishment of the year, and has been hailed throughout America as a model of cooperation which protects one of our country's most important wildlife populations.

In June of 1989, when Governor Stan Stephens hand-delivered a letter to President Bush, he triggered a sequence of events which resulted in the purchase of essential winter range habitat and preservation of the largest migratory elk herd in North America — Yellowstone Park's Northern Elk Herd.

"We can," Stephens' letter to Bush read, "provide additional winter range in Montana to improve the management, health and stability of the herd. It is my belief that we should address this issue in a cooperative fashion with a federal, state, local government, private organization and willing landowner approach."

The result, nine months later: mission accomplished.

Through the acquisition of 2100 acres from the Nelson family in the Dome Mountain area north of Yellowstone Park and the 2200-acre OTO Ranch, critical winter range will be protected for generations to come.

This historic accomplishment was clearly a collaborative project. With the impetus provided by Governor Stephens, the U.S. Forest Service, Park Service, local landowners, Montana's Congressional delegation, the Montana Fish and Game Commission, DFWP Director K.L. Cool and the Rocky Mountain Elk Foundation provided essential cooperation and funding.

"We protected an American wildlife treasure through hard work, cooperation and broad-based support," Stephens would later say. "We produced the premier conservation achievement in America, and all Montanans can take great pride in this accomplishment."

. . . quality of life

Human resources. . .

In January 1989, when the Stephens Administration took the helm of state government, the challenges facing Montana's human resources system were severe.

The Montana Developmental Center in Boulder had just been decertified, jeopardizing millions of dollars of federal funding, and the Eastmont facility in Glendive was facing a similar threat. Still in its infancy, the 24-month-old Department of Family Services was drifting with an unclear mission. Welfare costs were skyrocketing, and Montana's prisons were packed to the breaking point.

These challenges have been met with resolute determination. Progress has been made.

Positive, tangible results are visible throughout the human services sector of state government. Many problems remain to be solved. But Montanans are being better served, and the pride and potential that exists in all Montanans is being nurtured and developed.



Innovative, Efficient Delivery of Services



Cut in half — a reduction of 50% in Montana's general assistance welfare roles. That was the result of Project Work, which promotes the theme that the job of able-bodied welfare recipients is to get a job. Over half the general assistance clients enrolled in Project Work did exactly that — found work and removed themselves from Montana's welfare roles. Savings from this program are projected at \$5 million in the coming biennium.



It was "situation critical" for the Department of Family Services. After a public-intensive review, Governor Stephens implemented a reform package which provided a clear mission statement for the agency and improved the resources available to it. The agency is now on its way to becoming the strong child-advocate department envisioned by the legislature at its inception in 1987.



In July 1989, Governor Stephens brought the state's three major programs for older Montanans together by creating the Governor's Office on Aging. This consolidation eliminated the fragmented nature of the state's aging services, reduced costs with no decrease in services, and elevated the profile of Montana's programs for the elderly.



A startling reality is that one in five Montanans is without any form of health care insurance. These are not the unemployed and indigent, but working Montanans who are not offered health insurance at their place of work and who cannot afford coverage on their own. The Stephens Administration is developing a health care package to serve Montana's 141,000 uninsured residents. It's called "**Health Care for Montanans.**" The program will use tax incentives to encourage private sector employers to cover their employees with, at a minimum, catastrophic care insurance.



In August 1990, Montana was awarded a \$250,000 federal bonus for its excellent administration of the U.S. Food Stamp Program. Montana's Food Stamp eligibility error rate is among the lowest in the nation.

Bold Boulder Reform

When the Montana Developmental Center at Boulder was decertified, immediate and decisive action was needed.

Much was at risk: decertification meant the loss of nearly \$8 million in federal funding and a major threat to services needed by almost 200 developmentally disabled Montanans.

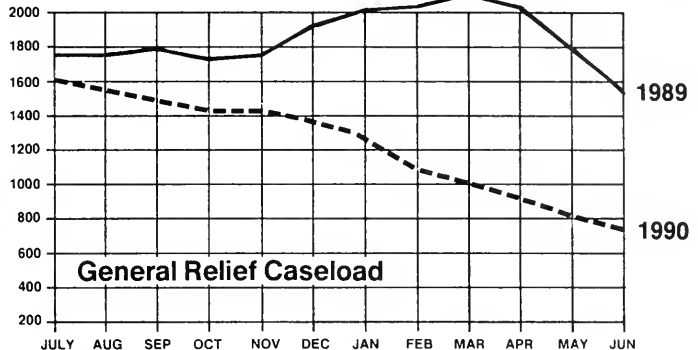
Governor Stephens and his human services agencies quickly developed a four-phase action plan. Through the development of more

community-based services such as group housing and independent living programs, and improvement of active treatment programs for the severely disabled, Boulder has been recertified.

The action plan has been praised by Montanans and federal officials, but more importantly, quality service is being provided to the clients at Boulder, and in group homes around the state.

GENERAL RELIEF ASSISTANCE REDUCTIONS

Since the implementation of Project Work in January 1990, Montana's monthly general relief assistance caseload has dropped by over 50%. About \$3 million in general fund tax dollars has been saved by Project Work's training which helps Montana's able-bodied find employment.



Instituting Change at Institutions

The role public institutions play in providing mental health care, services for the developmentally disabled, corrections and other human services has changed drastically over the last two decades. In contrast, Montana's institutional services have changed very little during this time. Over the past year, the Montana Department of Institutions has been involved in an in-depth study of its facilities, service demands and public obligations in preparation for a program of change.

Although the department's program and facility review continues, these are the recommendations for change which the Stephens Administration is pursuing:

- Continued transfer of residents from the Montana Developmental Center and Eastmont Human Services Center to appropriate community-based programs which can better serve their needs.
- Closure of the Galen campus of the Montana State Hospital. This facility's nursing home service has a 38% utilization rate while its 33-bed acute care service is used by one acute medical care patient per day. Galen's successful chemical dependency program, as well as its nursing home and acute care services, can be provided elsewhere with no loss of service quality. The campus' aging infrastructure, combined with the problem of underutilized programs, make it cost prohibitive to maintain.
- Development of new correctional programs which can relieve the overcrowded conditions at the Montana State Prison and the Women's State Prison. Alternatives to imprisonment, expanded pre-release services, updated parole practices, more severe sanctions for repeat offenders and new prison construction are all part of the Administration's improvement program.

"An ounce of prevention is worth a pound of cure." That's a truism which applies to many areas of our daily life. The Stephens Administration is employing this axiom in a program aimed at giving children a healthy start in life. The program is called **Kids Count**.

Kids Count is a multi-program approach to helping low income children and mothers-to-be. It focuses state funds on programs which ensure that low income pregnant women have healthy children and that their children receive adequate health care as they grow up.

Kids Count will provide immediate direct benefits to low income children and families, but its true value lies in the long term improved quality of life for Montana children and the reduced number of unnecessary high-risk births and life-long institutionalization resulting from inadequate health care.



(Job Opportunities and Basic Skills)

Montana's JOBS program is the cornerstone of the state's "Best in the West" welfare reform project begun in October 1989. During a recent award ceremony, federal officials applauded Governor Stephens for bringing over 100 Montanans together to develop the state's welfare reform initiative. In that process, the Montana JOBS program was developed with four goals in mind:

1. to enable JOBS participants to attain economic self-sufficiency
2. to maximize self-esteem of participants
3. to provide adequate support services
4. to allow local flexibility in designing the JOBS program within guidelines established by the state

JOBS focuses state resources on education and job skill training for Montanans receiving Aid to Families with Dependent Children (AFDC) payments (usually single mothers). This training is designed to help these individuals move from public dependence to self-sufficiency.

The program recently began serving over one thousand Montanans in five counties. It's expected that almost 600 AFDC recipients will become employed as a result of the program during its first year. The future is even brighter: this year the program will expand into nine more counties and be available where 95% of Montana's AFDC recipients live.

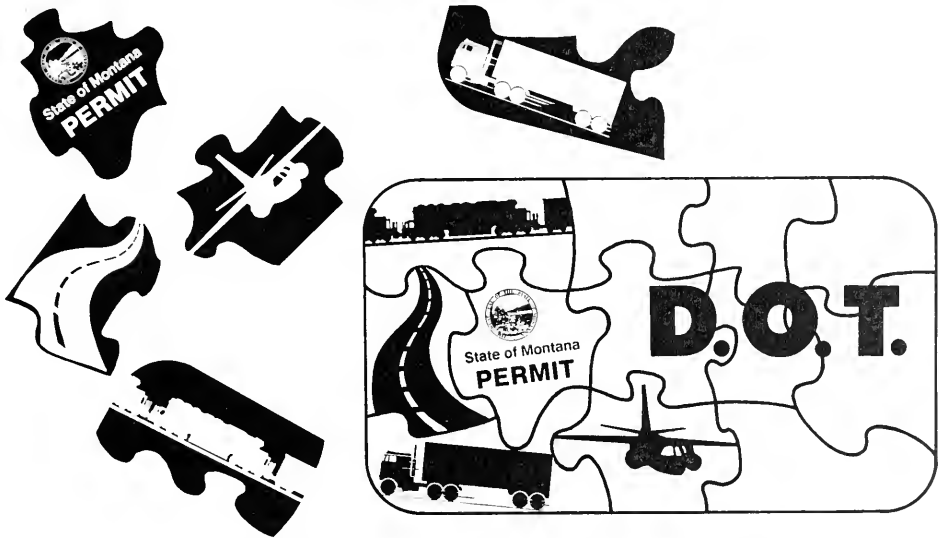
. . . developing pride and potential

Redefining state government. . .

One company providing improved service to customers — that's the goal of the Stephens Administration in reorganizing state government.

You, the people of Montana, are the customers, and through privatization efforts, department reorganization and a renewed commitment and spirit of service, state government is striving to be more responsive and more responsible.

Some of those efforts have been accomplished, some are underway and some are just now being proposed. But the mission of Governor Stephens is reflected throughout: a streamlined state government with fewer but better paid workers, a positive and united effort to improve services to Montana's taxpayers.



A Department of Transportation

The goal of the Department of Transportation is simple: to piece together all of state government's fragmented transportation functions under one administrative agency.

The purpose is similarly simple: with a united and coordinated transportation program, the state's economic development potential will be enhanced and public service will be improved with cost savings for the taxpayer.

Forty-five states have comparable transportation departments. It's time for Montana to address the entire transportation picture so that all modes of transportation, from aviation to rail, from highways to mass transit, will be equally represented. A Department of Transportation will result in three essential benefits — better service, increased efficiency and reduced costs.

A "TEAMS" Effort:

When the Stephens Administration took hold of state government reins in January 1989, it found that the computer situation at Social and Rehabilitation Services (SRS) was less than ideal. The problem was a lack of a statewide computer system for the major federally-funded assistance program.

The TEAMS Project is changing that.

As envisioned by Julia Robinson, SRS Director, TEAMS will fully computerize Montana's public assistance programs. Scheduled to be on-line in December 1991, TEAMS will accomplish accurate and timely processing of assistance eligibility, reduced potential for fraud through better case management, and improved worker productivity and financial reporting.

One of the firms hired to implement the TEAMS project for SRS, BDM International, has opened a Montana office to facilitate the program. So in addition to more effective service to the people of Montana, TEAMS has another positive impact — the addition of up to 40 new professional and administrative jobs to the private business community.

Privatization: Making Your Government More Efficient

Cutting government expense and increasing private sector jobs are two priority goals of the Stephens Administration. Both can be accomplished by privatizing functions that can be done more efficiently and with less cost to the taxpayer by private business.

The Stephens Administration has two new privatization efforts underway:

- Removing state government from the retail sale of liquor, which will provide the state with an extra \$3.5 million in revenue from the sale of the state-owned stores.

- Returning the Montana Wheat and Barley Commission to the state's grain producers, which will give the Commission more money and latitude.

Since January 1989, several functions have already been transferred to the private sector: data entry services and janitorial services in the Department of Administration and security services for the Capitol complex.

Privatization will reduce the number of full-time state positions by 90 through the 1993 biennium, with a projected savings of \$600,000 over the same period.

Reorganization To Improve Permitting System

**A New Department of Natural Resources
and Environment**

A New Department of Public Health

A New Department of State Lands

Already endorsed by four of Montana's daily newspapers, the Stephens plan for natural resource reorganization would place virtually all environmental regulation and permitting under the wing of a single department. In addition to improving the permitting process and protecting Montana's environment, the reorganization proposal also coordinates environmental analysis and eliminates potential constitutional conflicts inside some departments.

The plan works like this:

- The 150-person Environmental Services Division in the Department of Health would be shifted to a

new Department of Natural Resources and Environment (currently DNRC). This division would regulate air and water pollution, underground storage tanks and solid and hazardous wastes.

- The 42-person Reclamation Division of the Department of State Lands would be relocated to the department of Natural Resources and Environment. It handles permits for proposed hard-rock, open-cut and coal mines and oversees their reclamation.

- The Department of State Lands would acquire state water projects, water engineering and conservation district functions, now a part of DNRC.

- The Department of Health and Environmental Sciences would be renamed the Department of Public Health and focus on public health issues.

The reorganization will save money by eliminating the duplication of jobs and reducing other costs. It's also a move in the right direction toward streamlining the permitting and regulatory process.

The Stephens Budget:

A New Vision for Montana

Controlled government spending with no general tax increase — that's the theme behind the Executive Budget for Fiscal Year 92-93.

Objectives for the Stephens Budget include:

- Balancing the FY92-93 budget with no new taxes;
 - Designing delivery of services based on priority needs versus traditional funding levels;
 - Enhancing programs that foster economic growth.
- The Stephens Budget eliminates the 5% income tax surcharge levied by the 1989 Legislature.
 - Government spending is **reduced** in all areas except human services and education. Spending reductions are due to increased efficiency, better use of federal dollars and user fees. Spending increases are primarily the result of federal mandates, public safety demands and court-mandated public school finance changes.
 - Through attrition and privatization, the number of state positions answering to the Governor are reduced by 388 through FY93.
 - State workers would receive a 4.5% pay plan increase each year of the biennium.

Other budget highlights include:

- expanded community-based services for Montana's developmentally disabled
- improved funding for in-patient youth psychiatric services
- \$2 million toward natural resource damage assessments in the Clark Fork Basin and legal case against ARCO
- and other priorities mentioned with this report

**. . . one company, serving
Montanans better**

Commitment to education. . .

The Stephens Administration has acted as a catalyst for public discussion about Montana's education system. Over the last two years, Governor Stephens and his staff have challenged Montanans to think about their local public schools and the state's postsecondary system. The Governor has asked the public to evaluate the performance of Montana's schools, to identify areas where improvements are needed, and to consider changes which will allow Montana's education system to better prepare our young

people and adults for the competition of the global marketplace.

Sixty-five percent of the state's budget and the vast majority of local property taxes are spent on Montana's K-12 and university system programs. Yet, money is only one part of a quality education system. The system must be accessible and it must prepare Montanans for the opportunities of tomorrow. Addressing these needs continues to be a priority of the Stephens Administration.

At-risk Montanans Succeeding in "Jobs for Montana's Graduates"

In Spring 1990, Governor Stephens unveiled a new school-to-work initiative aimed at improving the employment opportunities for Montana's at-risk high school students. The Governor's initiative, called **Jobs for Montana's Graduates (JMG)**, is a pilot program modeled after one of America's most successful school-to-work programs, **Jobs for America's Graduates (JAG)**.

The JAG model has been used in 18 states to serve over 300 high schools. The program has assisted states in reducing youth unemployment by up to 50% among at-risk students, doubled those students' chances of being and staying employed, and increased earnings for these students by improving their employable skills.

"Jobs for Montana's Graduates has great potential for Montana and our at-risk high school students," Stephens explained. "Through this

program, we can help these students graduate, get jobs and meet the needs of a business community which is looking for trained, motivated, and competent employees."

Forty-six Montana high school seniors in Butte and Helena are participating in the JMG pilot program. In its brief period of operation, it's showing signs of positive results. A Butte high school senior wrote Governor Stephens to say that "I am learning new things everyday about myself, and also about the real world. . . the JMG is helping me set goals for myself and teaching me how to achieve those goals."

Montana's Department of Labor and Industry is operating the pilot program and is developing plans to expand it to other areas of the state in the years to come.

Determination to Improve Montana's Education System



School children receive grades: why shouldn't schools? That's the premise supporting efforts by the Stephens Administration, the Board of Public Education, Office of Public Instruction and state education organizations on the development of an annual report card for schools, alternative teacher certification, and less state regulation and paperwork for local schools.



A \$105 million increase which raised the state's share of local school funding from less than 60% to over 70% — that was the result of the Stephens Administration's work with the legislature to develop a public school funding system which met a court mandate for improved equalization of funds.



With the help of the private sector, Montana is developing a distance learning program which uses telecommunications to improve both the quality of education and access to learning for all Montanans. Governor Stephens has received a \$150,000 private donation from TCI Cablevision for this project. TCI has pledged another \$150,000 if the legislature continues funding the program at its current level.



Governor Stephens was joined by Superintendent of Public Instruction Nancy Keenan in hosting seven public forums in as many Montana communities during January 1990 to discuss education reforms being utilized throughout the United States and the world. The forums were an opportunity for Montanans to talk about making a good education program better.

MSU Engineering Research Center

"One of the most exciting developments for the state's university system in the last three to four decades"; that's how Governor Stephens greeted the January 1990 announcement that Montana State University (MSU) had received a \$7.5 million grant to develop a national Engineering Research Center (ERC) in Bozeman.

The ERC grant was one of three awarded nationally in 1990 by the National Science Foundation. It was the result of years of hard work by many people. Ultimately, the quality of MSU's faculty proposal and Governor Stephens' \$1 million funding pledge sealed the deal for the state.

The center will investigate methods of applying biotechnology to mining, industrial processing and the management and cleanup of hazardous waste: all areas which can benefit the Montana economy and spawn new business activity in the state. MSU officials estimate that the grant and related industrial investments could mean as much as a \$16 million investment in the Bozeman area over the next five years.

The Montana University System: producing educated Montanans to meet global competition

A first-rate university system is a key element in moving a society forward both economically and culturally. Stan Stephens has expressed this view many times and, as Governor, he has worked to ensure that Montana's university system warrants a top grade.

The economic downturn of the 80s took its toll on Montana's higher education system, as it did with virtually every public and private service in the state. The Stephens Administration is reinvesting in the system so that it continues to produce educated Montanans who can meet the global competition and help continue the state's economic recovery.

- Governor Stephens invested an additional \$21 million into the state's universities and colleges during the 1990-1991 biennium. He tied this investment to increased public accountability by the six-school system.
- Continuing his commitment, Governor Stephens' budget for 1992-1993 invests an additional \$61 million into the state's higher education system. The bulk of this investment, \$53 million, will construct new educational facilities for engineering and business, update classrooms and repair neglected facilities. The remaining \$8 million will be spent on Regent-identified priorities and needs.

COMMISSION REPORT HELPS SET EDUCATION PRIORITIES



In September 1989, the Governor brought 14 Montanans together to chart a new course for the Montana University System and the state's vocational education schools. They were given a difficult assignment: to employ their diverse backgrounds and expertise in visualizing a bold course for Montana's schools, a course which would lead Montana to economic growth and prosperity. The group given this challenge was the Education Commission for the Nineties and Beyond.

The Commission accepted the task with great vigor: it met with Montanans in nearly 100 meetings, visited campuses, spoke to faculty, staff and students and took the pulse of Montana.

After a year of work and study, the commission presented its report to the Governor. Their recommendations included:

- *the recognition that educational quality is paramount for the higher education system to serve Montanans in the most effective manner possible.
- *the insistence that competitive funding levels for the state's schools must be achieved or, in the event this was not possible, limits on new enrollments must be used to maintain proper per student funding levels.
- *a call for Montana's education system, K-12 through adult education, to become more integrated.
- *assurances for students that educational credits would transfer between schools.
- *submission of a single higher education budget to legislators, and authorization which allows the Regents to reallocate finances.
- *greater use of telecommunications and distance learning.

Governor Stephens accepted the commission's report with praise for the diligence and sincere commitment with which the members conducted their work. He pledged to work within the state's resources to meet the challenge of preparing the state's education system for the 90s and beyond.

... accountability and opportunity

Uniting Montanans. . .

A beautiful and distinct landscape, rich in contrast, rich in potential, rich in a commitment to improve and protect Montana's quality of life. Such a passage describes the 800,000 individuals who proudly call Montana their home.

One of the Stephens Administration's top priorities is to take advantage of the experience, spirit, and gritty determination possessed by these 800,000 souls and put their special abilities to use. A very special use: assisting state government solve problems.

These efforts have paid big dividends. And the efforts will continue. The concept of uniting Montanans is one which Governor Stephens takes seriously. "We live in the last best place in America," he says. "It will take a united effort by

all of us to pass this unmatched quality of life to future generations of Montanans."



Working together for a better Montana



Take a controversial issue — water — add 15 vastly divergent viewpoints and appoint them to a State Water Plan Advisory Council, then season with the sensitive issues of water storage and drought mitigation. A recipe for disaster? On the contrary. A savory success. Composed of conservation groups, agricultural interests, federal and local governments, tribal government, both political parties plus others, this 15-member advisory council worked with Karen Barclay (director of the Department of Natural Resources and Conservation) to create an atmosphere of progress and understanding in water management.



During the first two years of Governor Stan Stephens' administration he has made hundreds of appointments to various state boards, commissions and advisory councils. In addition to appointing the first woman Montana Supreme Court Judge (Judge Diane Barz) and first woman to serve on the Fish and Game Commission (Elaine Allettad) in Montana's history, Stephens has made a concerted effort to appoint women and minorities to state boards. The result: prior to 1989, under 25 percent of all appointed board members in Montana were women or minorities; now, fully one-third are women and minorities.



We all count — and should be counted. It's a simple principle Governor Stephens has magnified to protect Montana from possible miscalculations of the 1990 census. With Montana facing the possibility of losing a Congressional seat and millions of dollars in federal revenue, Stephens acted quickly in notifying the federal bureaucracy that improper census results would not be tolerated in Montana.

A Major Coup at Coutts

The Montana/Alberta Boundary Advisory Committee has been given increased emphasis to help expand the trade, cultural and inter-governmental ties between Canada and Montana. A September 1990 meeting was followed by a public forum on the U.S.-Canada Free Trade Agreement in Great Falls, attended by Governor Stephens, several Canadian officials and members of the local business community.

The much-hailed U.S.-Canada Free Trade Agreement was written to open the border between the two countries for significant new

transboundary economic development opportunities.

But little of that actually occurred. The stagnation ceased when Governor Stephens led a Montana trade delegation to Edmonton, Alberta in October 1990. The result of that trip was a historic agreement — the first between a state and a province since the passage of the Free Trade Act — which created joint operation of a vehicle inspection station at Coutts, Alberta. The spin-off benefit for the trucking industry and consumers is more efficient service with reduced costs.

Cooperation holds promise for future success



In perhaps one of the most impressive success stories by any appointed group in recent Montana history, the Stephens-appointed Mine Permitting Improvement Advisory Committee recently presented a package of positive mine permitting reforms. Composed of industry representatives, environmental groups, state and federal agencies and chaired by the Governor's key aide for energy and the environment, the group's reforms have been hailed in newspaper editorials across Montana. These changes will lead to a streamlined and effective permitting process that protects our environment, increases public participation, and encourages mineral development.



The federal government manages a full one-third (some 50,000 square miles of Montana real estate) of Montana's land surface, and an immediate priority early in the Stephens Administration was establishing a positive working relationship with federal land managers. The results have been dramatic: progress on the Tongue River Dam in partnership with the Bureau of Reclamation, historically significant public land grazing agreements with the Forest Service and Bureau of Land Management, and a much-touted agreement with the Department of Energy to improve energy development in Montana.



The organization has no regulatory authority, employs less than two full-time workers, has one of the most important missions in Montana and enjoys the support of virtually everyone in northwest Montana. The group is the Flathead Basin Commission, and its mission is the protection of water quality in the Flathead area. Composed of 21 members who represent several Flathead communities, a handful of state and federal agencies, local governments and the Canadian Province of British Columbia, the FBC has benefited from a strong commitment by Governor Stephens. In addition to authorizing a needed expansion of the Commission and protecting its budget (housed in the Governor's office), Stephens has pursued cooperative land management with British Columbia in the North Fork of the Flathead and has committed his staff to several FBC activities.

Managing a common resource

January 1989: a bad situation, it appeared, had turned worse. A proposed hunting and fishing agreement between the Confederated Salish and Kootenai Tribes and the State of Montana continued as a lightning rod of acrimony and protest.

Throughout 1989, Governor Stephens and state officials listen to landowner and sportsmen concerns about cooperative management of hunting and fishing resources inside the Flathead Indian Reservation. Stephens supports an agreement and touts the benefits of "cooperation rather than confrontation." After discussions which included a personal appearance by the Governor before the tribal council, written correspondence and telephone calls, the State and the Tribes are extremely close to a compromise agreement. But negotiations fall through, and the tribes sue the state and shepherd the matter into court.

The sides prepare for court, but Attorney General Marc Racicot and Stephens agree that discussions toward a settlement should always remain a possibility. After much deliberation, Racicot reaches a tentative settlement with the tribes which the Governor, the Attorney General and Fish, Wildlife & Parks Director K. L. Cool present to the public at a November 1990 meeting in Polson. After two hours of listening to public expressions of support and opposition to the proposed agreement, Stephens announces the agreement will be signed. He does so, he says, "because we deserve an opportunity to live together on this reservation without the fear of litigation and court-imposed mandates."

The agreement, which calls for a single set of hunting and fishing regulations on the reservation, outlines a framework for cooperative management between the DFWP and tribes. The agreement has historic significance and should not only establish improved management of wildlife resources of the reservation, but assist to create a new era of cooperation of understanding inside the Flathead Reservation.

. . . a common goal, a shared vision

Governor Stan Stephens
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